

## INFORMATION SUMMARY FOR THE PUBLIC

<b>Host Country:</b>	Tanzania
<b>Name of Borrower:</b>	Mtanga Farms Limited (“MFL”)
<b>U.S. Sponsors:</b>	Calvert Foundation Agri-Vie Food & Agribusiness Fund including US limited partners Hewlett Foundation
<b>Foreign Sponsors:</b>	Voxtra Agribusiness Fund Tony Elumelu Foundation Heirs Holdings Thirty Degrees East Lion’s Head AECF/Agra
<b>Project Description:</b>	Expansion of agribusiness focusing on protein (meat) and high value seeds (seed potatoes)
<b>Total Project Cost:</b>	\$8,200,000 cost of expansion. Capital invested to date amounts to >\$5 million
<b>Proposed OPIC Loan:</b>	\$3,500,000 9 year loan, including a 2 year grace with interest only
<b>Developmental Effects:</b>	This project is expected to be highly developmental for the people and economy of Tanzania, with the construction and operation of a modern farming operation. The project will introduce entirely new cultures of virus free seed potatoes and provide top-line abattoir equipment, neither which are currently available in Tanzania. Potatoes are a hearty and nutritious crop that is popular in Tanzania. However, they are prone to virus, fungus and various pests, some of which are carried from one generation to the next in the planting material. This hurts performance and dramatically reduces yields. Prior to this farm, Tanzania had not seen improved varieties of planting material or clean stock—free of viruses and pests—for over 30 years; so farmers were using seed potatoes contaminated with disease agents and getting a third of the yield they could have been getting with clean stock. With the current low-yield potato stocks, Tanzanian farmers are unable to supply enough potatoes to meet market demand, and are forced to import at high cost. This project will help reduce this supply/demand imbalance in Tanzania, and result in lower imports.
<b>Environment:</b>	<b>Screening:</b> The Project has been reviewed against OPIC’s categorical prohibitions and determined to be categorically eligible. Agricultural projects that do not involve intensification or conversion of previously undisturbed land are screened as Category B projects under OPIC’s

environmental and social policies. The major environmental and social issues associated with agricultural projects include fertilizer and pesticide use, runoff to nearby wetland and surface water, wastewater from abattoir operations, risks associated with threshing, handling and storage of grain and community health and safety concerns related to potential exposure to pesticide spray drift from aerial spraying and appropriate sanitation and hygiene quality control procedures for abattoir operations.

**Applicable Standards:** OPIC's review of environmental and social issues indicates that the Project will have impacts that must be managed in a manner consistent with the following Performance Standards:

- PS 1: Assessment and Management of Environment;
- PS 2: Labor and Working Conditions;
- PS 3: Resource Efficiency and Pollution Prevention;
- PS 4: Community Health, Safety and Security;
- PS 5: Land Acquisition and Involuntary Resettlement; and
- PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources.

The Project involves land that is designated as commercial agricultural land for the past 40 years. Mgagao was last farmed in 1994 and Kiyegema has had limited agricultural activity during the past 20 years. The Borrower represents that the Project will not involve any impacts on indigenous peoples or cultural heritage. Therefore, PS's 7, and 8 are not triggered by this Project at this time.

Consistent with the requirements of Performance Standard 3, the Project will be required to meet applicable provisions of (i) the April 30, 2007 IFC Environmental Health and Safety (EHS) Guidelines for Annual Crop Production; (ii) the April 30, 2007 IFC EHS Guidelines for Meat Processing; and (iii) the April 30, 2007 IFC General EHS Guidelines.

The Project will have two main diesel generators, one 20 kVa and one 27 kVA, which will provide electricity 24 hours a day. Greenhouse gas emissions are estimated to be less than 1,000 tons CO<sub>2eq</sub> per year.

**Environmental and Social Risks:** Environmental and social issues associated with the Project are typical of annual crop production and meat processing facilities. With respect to annual crop production, employees are given detailed instructions on use and precautions for agrichemicals and are provided with all required safety equipment. The Project does not have a formal Integrated Pest Management Plan but represents that they adhere to Good Agricultural Practices. All insecticides, herbicides, fungicides used by MFL farms are used, applied and stored in a manner consistent with their Material Safety Data Sheets (MSDS). The project involves drip irrigation for 10 hectares. It does not involve the use of genetically modified organisms. Surface water is channeled away from wetland and surface water via aboveground canals.

Regarding the meat processing facility, all intestines, bones, skin and other animal parts are sold directly at the farm to local villagers. Effluents from the abattoir include water used for cleaning, blood and stomach contents. Solid waste and fats are captured via a grease trap and mesh filters before liquids are passed through an on-site septic tank. Mtanga's meat operations are subject to the rules of the Tanzania Food and Drug Agency. Every carcass is inspected by a qualified government meat inspector. The inspector is present on all slaughter days and also inspects the premises for general hygiene and cleanliness.

At the time MFL acquired the Mgagao site, there were ten local farmers growing small plots of maize and planting trees on the land. The Borrower represents that each farmer was notified of MFL's acquisition and that landowners were compensated by Mtanga and given ample time to leave the property. Although it was agreed that the previous land owner would compensate all farmers and deliver the land free of liens, this only partially happened. The remaining cases were dealt with by Mtanga and the village committee. The Borrower represents that no grievances or complaints have arisen based on the displacement or reclaiming of the farm boundaries.

**Risk Mitigation:** The Borrower will be required to develop and submit to OPIC MFL site-specific plans and procedures for integrated pest management, aerial spraying, a community grievance mechanism and procedures for

	<p>ensuring safety of the underground storage tank. OPIC will also require that the Borrower submit detailed information regarding the incinerator, including design information, operation manual and a copy of the permit that is required (if applicable) to operate the incinerator. The Borrower will be required to implement Good Agricultural Practices with respect to worker safety and provide training and appropriate personal protective equipment to address grain storage risks.</p>
<b>U.S. Economic Impact:</b>	<p>The project is not expected to have a negative impact on the U.S. economy, as Tanzania is an insignificant destination for US exports. There is no U.S. procurement, so the project is expected to have a neutral impact on US employment. The project is expected to have a net negative five-year U.S. balance of payments impact.</p>
<b>Worker Rights:</b>	<p>OPIC's statutorily required standard worker rights language will be supplemented with provisions concerning the rights of association, organization and collective bargaining, minimum age for employment, hours of work, the timely payment of wages and hazardous work situations. Standard and supplemental contract language will be applied to all workers of the Project. The Project will be required to operate in a manner consistent with the International Finance Corporation's Performance Standard 2 on Labor and Working Conditions.</p>
<b>Human Rights:</b>	<p>OPIC issued a human rights clearance for this Project on July 2, 2013.</p>